

reaching \$840 billion in the year 2020. That is \$311 billion more than we spend on education, roads, and all other non-security discretionary spending. That is just to pay the interest on the debt.

Overall spending will remain well above the historical average as a percentage of GDP. By the end of the 10-year budget window, debt will consume 77.2 percent of our economy. As Congressman PAUL RYAN, ranking member on the House Committee on the Budget, pointed out recently, even European Union countries—hardly exemplars of fiscal rectitude—are required to keep their debt levels below 60 percent of their GDP.

I wish to mention a finding from a new paper entitled “Growth in a Time of Debt” by two economists, Kenneth Rogoff of Harvard and Carmen Reinhart of the University of Maryland. In their paper, they study the relationship between GDP growth and debt, and they find that nations carrying an excessively large debt burden of more than 60 percent of GDP produce a negative effect on short-term economic growth. They write:

When gross external debt reaches 60 percent of GDP, annual growth declines by about 2 percent. For levels of external debt in excess of 90 percent of GDP, growth rates are roughly cut in half.

This only makes sense because you have less money to spend on those things which provide capital, which provide growth in your economy, because you are paying more and more of your income to service the debt.

Remember, our debt will consume 77.2 percent of our economy by 2019. This is important because there are really only four ways to pay down or pay off your debt. The first is to raise taxes. You do not do that when you are in the middle of a recession, and, in fact, it is counterproductive to economic growth in the first place. Second, you cut spending. Well, that is very hard for Congress to do. Third, inflate the currency. Of course, that wipes out savings. It is the least good of the bad alternatives. Fourth, you can grow your way out. Growing your way out is the way to do it, obviously. It is like your family: If you have a lot of debt, you can cut some on spending, sometimes you can make a little more money. You cannot inflate your way out the way the government can. But the preferred way is to grow your way out of debt by, over time, making more money and by being able to pay it down. But there is a point at which, according to these studies, even that does not work—when you have so much debt that you do not have enough money to put back into the system to create the growth we are talking about. And that is what this debt burden and interest cost does.

The administration has been touting a spending freeze worth about \$250 billion over a decade to help allay concerns about spending and debt, but it does not start until next October. Therefore, to me, it is a little bit like

the alcoholic who says: Well, I am going to quit drinking right after I have my next drink. If it is a good idea—and it is—we should begin now. I applaud any move toward fiscal responsibility, but this proposal will really do little to seriously attack the debt and will not even erase the massive debt accumulated during President Obama's first year in office. As columnist Robert Samuelson put it recently, “Any savings would be mostly a rounding error in the decade's projected deficits.”

The point is, we have to do a lot more than this. Let's remember that the proposed spending freeze only applies to 17 percent of the budget. Programs targeted for the freeze have already seen a 22-percent increase in their annual appropriations in the past 2 years, plus another 25 percent increase including the stimulus. So it is hard to argue that tough choices are being made when you increase these programs by 22 percent, plus another 25 percent, and then say: OK, now I am going to stop.

Finally, of course, why propose a budget in February with a more than \$1.5 trillion deficit and a spending freeze that will not even take effect until October? Maybe another analogy is, it is like the dieter who wants to start the diet tomorrow but never today. The spending freeze is a good idea. So let's not start it in the future, let's start it with this year's appropriations bills.

I would also suggest other stronger measures right now. We can start with the TARP money, for example. Rather than using the TARP money to pay for another stimulus bill, as some of my colleagues have suggested, let's use it to pay down the debt. That money, remember, was borrowed in the first place. We did not have \$700 billion lying around. We went to the markets to borrow that, and we have to pay interest on it. A lot of it came from China. We have to pay it back. Let's do that—pay the money back. Do not use it to pay for yet another stimulus program. Remember, it will ultimately have to be paid back.

Second, let's end unlimited funding for government-sponsored enterprises such as Fannie Mae and Freddie Mac. Right now these two entities can spend as much as they like even without congressional authority. I find it interesting that when the President, in his State of the Union speech, said we are going to impose a tax on the banks, he was talking about banks that either never took TARP money or banks that have paid it back. The tax does not apply to Fannie Mae or Freddie Mac. They haven't paid back the money. It does not apply to AIG. It does not apply to General Motors. None of them have paid the money back.

If we are going to have a tax, impose it on those who haven't paid the money back. Don't put it on those who either never needed the money or didn't take it, but, in any event, who have paid it back.

Third, let's rescind unobligated stimulus money. The stimulus has already proven, by most accounts, to be a failure in terms of creating jobs for the money spent. That is even using the administration's own standards to measure its success. Let's use the money that has not yet been spent or obligated to pay down the debt. Again, remember, most of that money has to be borrowed and, therefore, let's not spend it in the first place, thus reducing future debt included in the President's budget.

These are just three specific ways, three relatively easy ways that we could employ to start getting hold of spending and debt. I would also like to suggest that those who continue to evoke the spending policies of the last administration become more focused on the future. That is what Americans want us to do. It makes little sense to complain about high spending from a previous era and then make the situation worse, creating a deficit that is four times as much as the biggest deficit in the previous administration and creating a debt burden that is equal to all of the Presidents from George Washington through George Bush.

Americans want this administration to confront the massive spending and massive debt it is accumulating in a meaningful way. The budget the President sent to Capitol Hill this morning does not do the job.

I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HARKIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Morning business is now closed.

EXECUTIVE SESSION

NOMINATION OF M. PATRICIA SMITH TO BE SOLICITOR FOR THE DEPARTMENT OF LABOR—Resumed

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will proceed to executive session to consider the following nomination, which the clerk will report.

The legislative clerk read the nomination of M. Patricia Smith, of New York, to be Solicitor for the Department of Labor.

The ACTING PRESIDENT pro tempore. The Senator from Iowa.

Mr. HARKIN. Mr. President, at 5:30 today, under a previous order, the Senate will be voting on cloture on the nomination of Patricia Smith to be Solicitor for the Department of Labor. I